

House File 604 - Introduced

HOUSE FILE _____
BY WAGNER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act reducing the individual and corporate income tax rates and
2 including an effective and applicability date provision.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1790YH 83
5 tw/mg:sc/8

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1 1 Section 1. Section 422.5, subsection 1, paragraphs a
1 2 through i, Code 2009, are amended to read as follows:
1 3 a. On all taxable income from zero through one thousand
1 4 dollars, ~~thirty-six~~ thirty-two hundredths of one percent.
1 5 b. On all taxable income exceeding one thousand dollars
1 6 but not exceeding two thousand dollars, ~~seventy-two~~ sixty-five
1 7 hundredths of one percent.
1 8 c. On all taxable income exceeding two thousand dollars
1 9 but not exceeding four thousand dollars, two and ~~forty-three~~
1 10 nineteen hundredths percent.
1 11 d. On all taxable income exceeding four thousand dollars
1 12 but not exceeding nine thousand dollars, four and ~~one-half~~
1 13 five hundredths percent.
1 14 e. On all taxable income exceeding nine thousand dollars
1 15 but not exceeding fifteen thousand dollars, ~~six~~ five and
1 16 ~~twelve~~ fifty-one hundredths percent.
1 17 f. On all taxable income exceeding fifteen thousand
1 18 dollars but not exceeding twenty thousand dollars, ~~six~~ five
1 19 and ~~forty-eight~~ eighty-three hundredths percent.
1 20 g. On all taxable income exceeding twenty thousand dollars
1 21 but not exceeding thirty thousand dollars, six and
1 22 ~~eight-tenths~~ twelve hundredths percent.
1 23 h. On all taxable income exceeding thirty thousand dollars
1 24 but not exceeding forty-five thousand dollars, seven and
1 25 ~~ninety-two~~ thirteen hundredths percent.
1 26 i. On all taxable income exceeding forty-five thousand
1 27 dollars, eight and ~~ninety-eight~~ eight hundredths percent.
1 28 Sec. 2. Section 422.33, subsection 1, Code 2009, is
1 29 amended to read as follows:
1 30 1. a. A tax is imposed annually upon each corporation
1 31 doing business in this state, or deriving income from sources
1 32 within this state, in an amount computed by applying the
1 33 following rates of taxation to the net income received by the
1 34 corporation during the income year:
1 35 ~~a-~~ (1) On the first twenty-five thousand dollars of
2 1 taxable income, or any part thereof, the rate of ~~six~~ five and
2 2 ~~four-tenths~~ percent.
2 3 ~~b-~~ (2) On taxable income between twenty-five thousand
2 4 dollars and one hundred thousand dollars or any part thereof,
2 5 the rate of ~~eight~~ seven and two-tenths percent.
2 6 ~~c-~~ (3) On taxable income between one hundred thousand
2 7 dollars and two hundred fifty thousand dollars or any part
2 8 thereof, the rate of ~~ten~~ nine percent.
2 9 ~~d-~~ (4) On taxable income of two hundred fifty thousand
2 10 dollars or more, the rate of ~~twelve~~ ten and eight-tenths
2 11 percent.
2 12 ~~b.~~ "Income For purposes of this section, "income from
2 13 sources within this state" means income from real, tangible,
2 14 or intangible property located or having a situs in this
2 15 state.
2 16 Sec. 3. EFFECTIVE AND APPLICABILITY DATE. This Act takes
2 17 effect January 1, 2010, and applies to tax years beginning on
2 18 or after that date.
2 19 EXPLANATION
2 20 This bill reduces by approximately 10 percent the tax rate

2 21 for each of the nine tax brackets of the individual income tax
2 22 and for each of the four brackets of the corporate income tax.
2 23 The current individual income tax rates range from a low of
2 24 .36 percent to a high of 8.98 percent. The bill changes these
2 25 rates to a low of .32 percent to a high of 8.08 percent.
2 26 The current corporate income tax rates range from a low of
2 27 6 percent to a high of 12 percent. The bill changes these
2 28 rates to a low of 5.4 percent to a high of 10.8 percent.
2 29 The bill takes effect January 1, 2010, and applies to tax
2 30 years beginning on or after that date.
2 31 LSB 1790YH 83
2 32 tw/mg:sc/8.1